No. 94-407

Supreme Court, U.S.
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

SGS-THOMSON MICROELECTRONICS, INC.,
Petitioner,

v.

INTERNATIONAL RECTIFIER CORPORATION,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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PETITIONER'S REPLY TO INTERNATIONAL RECTIFIER'S BRIEF IN OPPOSITION TO PETITION

REX E. LEE
CARTER G. PHILLIPS
SIDLEY & AUSTIN
1722 Eye Street
Washington, D.C. 20006
(202) 429-4000

H. BLAIR WHITE *
DAVID T. PRITIKIN
CONSTANTINE L. TRELA
JAMES B. SPETA
SIDLEY & AUSTIN
One First National Plaza
Chicago, Illinois 60603
(312) 853-7000

Counsel for Petitioner

* Counsel of Record

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PETITIONER'S REPLY TO INTERNATIONAL RECTIFIER'S BRIEF IN OPPOSITION TO PETITION [1]

International Rectifier's opposition does not substantially dispute the central error committed by the court below: that the Federal Circuit completely vitiated plaintiff SGS-Thomson's interest in litigating this case in its home forum. The opposition also does not substantially or persuasively dispute that the Federal Circuit's decision conflicts with decisions of the Fourth and First Circuits. Instead, the opposition attempts to minimize the conflict and obscure the Federal Circuit's error by arguing that the decision was nonprecedential and that the error was harmless. But review in this Court cannot be prevented merely because a lower court's decision is issued in "nonprecedential" form. Furthermore, the Federal Circuit's decision was indisputably harmful error—

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[1] The Rule 29.1 Statement appears at p. ii of the petition.

SGS-Thomson was effectively deprived of its right to appellate review of the erroneous transfer decision and will continue to be deprived of its right to pursue its claims in the forum of its choice before a jury drawn from that community. A plaintiff's presumptive right to litigate in its home forum, should it so choose, is too fundamental in American law for its loss to be categorically dismissed as harmless.[2]

I. THE FEDERAL CIRCUIT ERRONEOUSLY REMANDED THE CASE TO THE CENTRAL DISTRICT OF CALIFORNIA AND CREATED DIVISION AMONG THE CIRCUITS.

International Rectifier's opposition argues that the Federal Circuit's decision to remand this case to the Central District of California may be defended under the balancing test required by the permissive transfer statute, 28 U.S.C. § 1404(a). But that is a purely hypothetical defense because the courts below never undertook the analysis suggested by respondent. IR's argument is no more than a *post hoc* rationale for a decision that was deeply flawed. As SGS-Thomson's petition makes clear, no court in this case has ever applied respondent's test or even considered section 1404(a) at all. The Texas District Court transferred the case under 28 U.S.C. § 1406(a), not section 1404(a), because it concluded, erroneously, that personal jurisdiction and venue did not exist in the Northern District of Texas. The Federal Circuit, after finding that personal jurisdiction and venue were proper in Texas (and that the transfer under 28 U.S.C. § 1406(a) was thus error), simply decided, *sua sponte*, to remand the case to California. The Federal

[2] International Rectifier's suggestion that this Court lacks jurisdiction over the petition, because the Federal Circuit lacked jurisdiction over the appeal, *see* Opp. at 2, is wholly without merit. Because International Rectifier addressed that issue in its cross-petition (No. 94-666), SGS-Thomson will respond to International Rectifier's contention in its opposition to the cross-petition.

Circuit did not even purport to conduct the balancing test required under section 1404(a) and absolutely disregarded the most important factor in that test: SGS-Thomson's interest in litigating in the forum of its choice.

In remanding to the Central District of California, the Federal Circuit relied entirely upon the supposed familiarity of the district judge there, Judge Manuel L. Real, with the issues in the case. But even if this factor can be considered under the permissive transfer provision of 28 U.S.C. § 1404(a), it cannot be considered in isolation, but rather must be weighed with other factors in the balancing process required under the statute. Consideration of the plaintiff's interest in proceeding in the forum of its choice is a mandatory element of that balancing. *See Norwood v. Kirkpatrick*, 349 U.S. 29, 32 (1955) ("plaintiff's choice of forum is . . . to be considered"); *FDIC v. Citizens Bank & Trust Co.*, 592 F.2d 364, 368 (7th Cir.) ("the trial court must give some weight to the plaintiff's choice of forum"), *cert. denied*, 444 U.S. 829 (1979); *Pasco Int'l (London), Ltd. v. Stenograph Corp.*, 637 F.2d 496, 501 (7th Cir. 1980). Neither the district court in Texas nor the Federal Circuit ever addressed the balancing required under section 1404(a).

In this posture, the only appropriate course for the Federal Circuit was to remand to the proper forum, the Texas District Court, which then could fully consider whether transfer was appropriate under section 1404(a).[3]

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[3] As IR notes, whether a court of appeals may, in appropriate circumstances, itself utilize section 1404(a) to transfer a case is not in question. *Compare* Opp. at 11 n.7 *with* Pet. at 10 n.4. Nevertheless, for a court of appeals to do so, the case must be "unusual" and the court of appeals must fully consider the appropriate factors under section 1404(a). *See Koehring v. Hyde Construction Co.*, 382 U.S. 362, 365 (1966) (per curiam). IR, moreover, misreads two of the cases on which it relies (Opp. at 11 n.7), citing them as examples of transfers by courts of appeals. In fact, in *Hunt v. Bankers Trust Co.*, 799 F.2d 1060, 1070 (5th Cir. 1986), and *Corke v. Sameiet M.S. Song of Norway*, 572 F.2d 77 (2d Cir.

As the petition demonstrates, transfer under section 1404(a) would not have been proper. First, SGS-Thomson's choice of forum is entitled to substantial deference, and that factor was not considered by the Federal Circuit.[4] Second, at the time SGS-Thomson filed its complaint in Texas in June 1991, there was no litigation between SGS-Thomson and IR pending in the Central District of California. The 1990 case IR cites had been settled. *Compare* Opp. at 3-4. Moreover, although IR attempts to suggest that the 1990 case is somehow related to this case (*see id.*), that case involved IR's patents, did not bear in any way on the SGS-Thomson patents at issue in this case, and was settled *prior* to any substantive proceedings in the California District Court.

More importantly, to the extent that the Federal Circuit believed that remand to the California District Court was appropriate because that court had prior experience with similar patents in other cases, the Federal Circuit's decision directly conflicts with the decision of the First Circuit in *Codex Corp. v. Milgo Elec. Corp.*, 553 F.2d 735 (1st Cir.), *cert. denied*, 434 U.S. 860 (1977). By looking to other litigation, IR's argument, in large part, is that the California District Judge had knowledge of the parties and the general technology as a result of his access to information "outside of the record" (*see* Opp. at 10 n.6)

1978), the courts of appeals merely reviewed district court transfer decisions; the courts of appeals did not initiate the transfers. IR's other case, *International Tel. & Tel. Corp. v. General Tel. & Elec. Corp.*, 527 F.2d 1162, 1164 (4th Cir. 1975) (per curiam), also does not support its position. In that case, the Fourth Circuit directed the district court to transfer based on a fact—reversal of a case that had been accorded *res judicata* effect by the district court—that did not exist at the time of the transfer.

[4] IR's suggestion that the Federal Circuit did weigh SGS-Thomson's interest in the forum of its choice, Opp. at 13-14, is unfounded. The Federal Circuit was cognizant of where SGS-Thomson had sued, of course; but, its opinion demonstrates none of the weighing or deference to the plaintiff's forum choice that section 1404(a) and the cases require. *Compare* Pet. App. 6a.

of this case. The *Codex* court flatly rejected reliance on such "familiarity." Additionally, *Codex* more generally stands for the proposition that the "familiarity" a district judge has with the subject matter of a case is a factor that, contrary to the Federal Circuit's view, weighs against rather than in favor of transfer.[5]

Furthermore, any familiarity the California District Court developed following the erroneous transfer must be disregarded. To do otherwise would make an erroneous transfer decision completely unreviewable. Here, SGS-Thomson sought to have the Texas court's erroneous personal jurisdiction and transfer decision reviewed immediately, both under 28 U.S.C. § 1292(b) and by writ of mandamus, before the transferee court had any involvement or familiarity with the case. In each instance, immediate review was denied as premature, leaving the jurisdiction and transfer issues to be addressed in an ultimate appeal on the merits. *See* Pet. at 4. To conclude in the merits appeal, as the Federal Circuit did, that the transfer decision, although erroneous, was harmless and should not be corrected because of the transferee court's subsequently-gained "familiarity" with the case creates an intolerable "Catch-22" situation.

Finally, IR's suggestion that the Federal Circuit's decision is consistent with the Fourth Circuit's opinion in *Southern Railway Co. v. Madden*, 235 F.2d 198 (4th Cir.), *cert. denied*, 352 U.S. 953 (1956), is absurd. Although in that case the Fourth Circuit ruled that it was error not to transfer the case from the district in which it had been filed by the plaintiff, *Southern Railway*'s import here is that the Fourth Circuit ordered remand to

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[5] Courts of appeals in other contexts similarly have recognized that a district judge's prior involvement with a case may counsel in favor of assigning the case to a different judge on remand. *See, e.g.*, United States Court of Appeals for the Seventh Circuit, Circuit Rule 36; *United States v. Sears, Roebuck & Co.*, 785 F.2d 777, 780 (9th Cir.), *cert. denied*, 479 U.S. 988 (1986).

the appropriate forum *notwithstanding* the fact that there had been two trials in the initial forum. That case and *Codex* both stand for the proposition that naked "familiarity" is insufficient to support the assignment of a case to a particular district judge. Such supposed "familiarity" was the sole basis for the Federal Circuit's decision here.

II. THE FEDERAL CIRCUIT'S DECISION IS NOT HARMLESS.

IR asserts that this Court should not review the Federal Circuit's decision because that court labeled its decision "nonprecedental." But, the propriety of this Court's review cannot turn in any way on the internal procedures of a court of appeals. In fact, in just the past two Terms, this Court has reviewed several decisions that had been issued as "nonprecedential" opinions by the courts of appeals. *See, e.g., Spectrum Sports, Inc. v. McQuillan,* 113 S. Ct. 884 (1993); *Church of the Lukumi Babalu Aye v. City of Hialeah,* 113 S. Ct. 2217 (1993); *United States v. Edge Broadcasting Co.,* 113 S. Ct. 2696 (1993); *Kokkonen v. Guardian Life Ins. Co.,* 114 S. Ct. 1673 (1994).

Moreover, the Federal Circuit has avoided consistency by using the "nonprecedential" label. In *Katz v. Lear Siegler, Inc.,* 1993 U.S. App. LEXIS 17507 (Fed. Cir. 1993), also issued as a nonprecedential decision, the Federal Circuit held that a case had been improperly transferred under 28 U.S.C. § 1406(a) and thus ordered it remanded for further proceedings to the court in which the plaintiff had originally filed his complaint, despite the fact that substantial proceedings already had occurred in the transferee court. The Federal Circuit's decision in *Katz* is 180 degrees from its decision in this case.

IR's alternate suggestion, that the Federal Circuit properly found that the decision to transfer was "harmless error" both misconceives the nature of the harmless error rule and the effect of the Federal Circuit's decision.

First, the harmless error rule does not apply here at all. SGS-Thomson did not argue that the rulings of the California District Court should be reversed or vacated simply because the case had been improperly transferred to that court. Instead, SGS-Thomson sought, to the extent further proceedings were required due to other errors, to have the case remanded to the proper forum, the Texas District Court. This is the sole issue on which SGS-Thomson seeks certiorari.

Second, any contention that the continuing denial of SGS-Thomson's right to litigate in the forum of its choice is harmless flies in the face of the precedent of this Court discussed in the petition. This Court repeatedly has recognized that the plaintiff has a right to choose its preferred forum in the first instance and that it is a choice which, even under 28 U.S.C. § 1404(a), should prevail in most instances. *See* Pet. at 11-13.

The cases cited by IR in support of the proposition that an erroneous transfer decision is harmless reflect its misunderstanding of the question presented for review. These cases (Opp. at 15) stand only for the proposition that decisions on the merits should not be reversed simply because an erroneous transfer decision was made. They do not stand for the proposition that there is no harm where a remand for further and extensive proceedings (including a jury trial) is made without any regard for the plaintiff's right to proceed in the forum of its choice.[6]

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[6] In fact, *Gulf Research & Dev. Co. v. Harrison*, 185 F.2d 457, 459 (9th Cir. 1950) (cited in Opp. at 15), and the cases that follow it, support SGS-Thomson's position. In those cases, the courts of appeals refused to grant petitions for mandamus to review transfer decisions in part because of the possibility of relief being granted on review of the transferee court's decision. The Federal Circuit's approach forecloses that possibility.

stipulated dismissal entered by the court to implement the settlement expressly provided that the Central District of California would retain jurisdiction to resolve any disputes arising under the settlement agreement. Two months later, SGS-Italy was dismissed without prejudice.

SGS-Thomson, however, settled IR's suit in California intent on continuing the litigation in a different forum. Shortly after the settlement and dismissal of IR's suit in California, an SGS-Italy executive wrote to the SGS-Thomson executive in the United States who had signed the settlement agreement with IR, sending:

> "CONGRATULATIONS FOR THE SUCCESSFUL CLOSING OF THE FIRST PHASE OF THE IR CASE. BEST WISHES FOR THE JUNE COUNTERATTACK."

(Pet. App. 90a)

On June 5, 1991, SGS-Thomson filed its "counterattack" lawsuit against IR in the Northern District of Texas, alleging that a process used by IR to manufacture its power MOSFETs in the Central District of California infringed an SGS-Thomson patent.

It was this "counterattack" lawsuit that the Texas district court transferred to the Central District of California where the parties had so recently been in litigation. The transfer was made in response to IR's motion contesting personal jurisdiction in Texas and, alternatively, seeking a transfer to California in the interests of judicial economy and convenience under 28 U.S.C. § 1404(a). (Pet. App. 21a-26a.)

After the transfer to California, the case was assigned to Judge Real, the same judge who had presided over IR's suit against SGS-Thomson. SGS-Thomson then amended its complaint to allege that certain power MOSFETs and related products manufactured by IR in the Central District of California infringed two additional patents. SGS-Thomson did not first attempt to bring these new claims in Texas, but rather added them to the lawsuit in California of its own accord.

During the year of pretrial proceedings that followed, Judge Real was presented with several summary judgment motions addressing the patent infringement, patent validity and patent enforceability issues in the case. He also presided over all of the parties' discovery motions and trial preparation efforts, and over all of the other pretrial proceedings. The proceedings came to a halt toward the end of the discovery period when two of IR's summary judgment motions were granted, and judgment was entered in IR's favor.

On appeal, the Federal Circuit, in the opinion giving rise to the petition (but as to matters not at issue here), vacated the district court's summary judgment rulings. The court also found that the Texas district court had committed harmless error when it transferred the case to California on the ground that IR was not subject to personal jurisdiction in Texas. The Federal Circuit then remanded the case back to Judge Real for further proceedings on the ground that "judicial economy" would thereby be served because he is "already familiar with the patents and technology at issue." (Pet. App. 6a.)

B. The Parties' Concurrent Patent Litigation In California.

During the pendency of SGS-Thomson's suit against IR, the parties were (and continue to be) engaged in other patent infringement litigation in the Central District of California involving power MOSFET technology. For the past two years, Judge Real has presided over a patent infringement lawsuit brought by IR in 1992 charging SGS-Thomson and SGS-Italy with infringing two power MOSFET patents issued to IR after the parties settled the original suit.

In that litigation, Judge Real has been presented with numerous substantive motions by both parties addressing the patentability, validity and enforceability of the power MOSFET patents at issue in that suit and the manufacture and design of SGS-Thomson's power MOSFET products. The case is scheduled for a bench trial before Judge Real commencing in January 1995.

In another proceeding, *both* IR and SGS-Thomson filed motions in the Central District of California in 1993 to enforce the terms of the February 1991 agreement settling IR's original lawsuit against SGS-Thomson. The competing motions were presented to Judge Real, who presided over a three-day evidentiary hearing in late-1993 and 1994. During the hearing, the parties' witnesses testified to, among other issues, the interpretation of two of IR's power MOSFET patents and the manufacture and design of SGS-Thomson's power MOSFET products.[2]

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[2] Following the hearing, and based on forty-seven pages of findings of fact and conclusions of law, Judge Real granted IR's motions to enforce the parties' settlement agreement and denied SGS-Thomson's motion. SGS-Thomson's appeal is pending.

Thus, except for the brief time the present case was pending in the Northern District of Texas, all of the parties' patent infringement litigation against one another has been centered in the Central District of California and presided over by Judge Real. All of that litigation has involved power MOSFET technology and power MOSFET patents.

C. Corrections to SGS-Thomson's Statement of the Case.

Pursuant to Supreme Court Rule 15.1, IR offers the following corrections and/or clarifications to SGS-Thomson's statement of the case:

1. *SGS-Thomson statement:* "Thus, the question facing the courts below was whether IR was subject to personal jurisdiction in the Northern District of Texas." (Petition, p. 3.)

Correction/Clarification: Another question posed to the district court in Texas was whether the case should be transferred to California under 28 U.S.C. § 1404(a) because of interests of judicial economy and convenience.

2. *SGS-Thomson statement:* "The [Northern District of Texas] reasoned that section 271(g) was irrelevant to personal jurisdiction, and therefore the court did not consider IR's sales of infringing products within the [Northern] District [of Texas] to be sufficient minimum contacts to support personal jurisdiction." (Petition, p. 4.)

Correction/Clarification: In fact, the Texas district court found that IR had not made any sales in Texas, as its products were exclusively re-sold in Texas by non-parties who had purchased them from IR in California:

> "[S]ales to customers in Texas are made by independent distributors and independent manufacturers' representatives. *All sales contracts are subject to written acceptance by [IR] at its offices in El Segundo, California, and all sales are complete, and title passes to the purchaser, upon delivery of the products sold to a carrier F.O.B. [IR's] plant in California.*"

(Pet. App. 25a (emphasis added).)

3. *SGS-Thomson statement:* "After the entry of judgment and after the ruling on attorney's fees, SGS-Thomson noticed timely appeals to the United States Court of Appeals for the Federal Circuit." (Petition, p. 5.)

Correction/Clarification: As explained in IR's cross-petition, SGS-Thomson's notice of appeal of the district courts' summary judgment and personal jurisdiction and transfer rulings was filed *before* IR's post-judgment motion under Federal Rule of Civil Procedure 59(e) to amend that judgment was decided. The notice of appeal was therefore of questionable effect. There is no dispute, however, that SGS-Thomson's separate notice of appeal of the district court's order awarding attorneys' fees and expenses to IR was timely filed.[3]

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[3] IR has limited its corrections and clarifications to statements bearing on the issue raised in the petition. There are, however, other misstatements as well. For example, SGS-Thomson states: "[T]he Court of Appeals held that SGS-Thomson did have standing to sue for infringement of the '513 and '127 patents." (Petition, p. 6.) The Federal Circuit vacated the summary judgment ruling on standing, but did not reverse it. (Pet. App. 18a.)

REASONS FOR DENYING THE PETITION

I. THE FEDERAL CIRCUIT'S NON-PRECEDENTIAL DECISION DOES NOT CREATE A CONFLICT IN THE CIRCUITS.

SGS-Thomson argues a conflict where none can exist. The Federal Circuit's non-precedential decision in this case applies to SGS-Thomson and IR, but to no one else. Fed. Cir. Rule 47.6(b).[4] Accordingly, the apocalyptic results conjured up by SGS-Thomson – that "patent owners" and, indeed, "all federal plaintiffs faced with [similar jurisdiction and transfer] decisions will be deprived" of "their right to proceed in the forum of their choosing" (Petition, p. 10) – will not, and cannot, follow from the decision.[5]

Moreover, the principal case on which SGS-Thomson tries to build its conflict argument, *Southern Railway Co. v. Madden*, 235 F.2d 198 (4th Cir.), *cert. denied*, 352 U.S. 953 (1956), ***supports*** rather than conflicts with the Federal Circuit's decision. In both *Southern Railway* and this case,

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[4] Federal Circuit Rule 47.6(b) provides, in relevant part: "(b) *Nonprecedential opinions and orders* – Opinions and orders which are designated as not citable as precedent are those unanimously determined by the panel at the time of their issuance as not adding significantly to the body of law. Opinions and orders so designated *shall **not** be employed or cited as precedent. . . .*" (emphasis added).

[5] It is ironic that SGS-Thomson would imply otherwise since the Federal Circuit scolded SGS-Thomson (and IR) for citing a non-precedential decision in which the Federal Circuit, considering different facts, reached a different result when remanding a case for further proceedings. (*See* Pet. App. 17a-18a & n.4.)

the plaintiff's choice of forum succumbed to greater societal interests.[6]

II. THE FEDERAL CIRCUIT'S REMAND DECISION WAS CORRECT.

Even if the Federal Circuit's decision had any precedential significance, the discretionary balancing of judicial economy interests with a plaintiff's choice of forum is not an issue requiring further guidance from this Court.

Courts at all levels have been weighing such competing considerations on a case-by-case basis throughout our jurisprudence. Section 1404(a) – which for half a century has provided the federal courts with authority to transfer

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[6] *Southern Railway* was a personal injury case stemming from a railroad crossing accident in Charlotte, North Carolina. Suit was filed in Columbia, South Carolina. The Fourth Circuit remanded the case to the litigation's center of gravity, Charlotte, North Carolina, finding that most of the witnesses lived there and that it would be important for the jury to view the *locus in quo*, a viewing that could reasonably be had only if the case were tried in Charlotte. 235 F.2d at 200-01.

The other case supposedly creating a conflict, *Codex Corp. v. Milgo Elec. Corp.*, 553 F.2d 735 (1st Cir.), *cert. denied*, 434 U.S. 860 (1977), is inapposite. What prompted the court's deviation from the general rule that an "educated judge" promotes judicial "economies" was that the district judge's knowledge came from sources outside of the record (he had ruled on the validity of the patents in another suit with different parties). In stark contrast, the California district court judge has not ruled on the patents-in-suit except in this case. A rule applying *Codex* here would mean that patent cases could not be remanded to the district court from which an appeal is taken, because that court will always have gained knowledge of the case – a thoroughly unworkable and unproductive rule.

cases "in the interest of justice" and "[f]or the convenience of parties and witnesses" – has routinely been invoked to transfer cases to a forum other than the plaintiff's forum of choice. *E.g., Norwood v. Kirkpatrick*, 349 U.S. 29, 30 (1955); *Southern Railway*, 235 F.2d at 200-01.[7]

The plaintiff's choice of forum is far from sacrosanct. *Id.* As this Court explained in a case reversing a court of appeal's inconvenient forum decision for placing too much emphasis on a plaintiff's choice of forum, Section 1404(a) "was designed as a 'federal housekeeping measure,' allowing easy change of venue within a unified federal system." *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 254 (1981) (quoting *Van Dusen v. Barrack*, 376 U.S. 612, 613 (1964)); *see also Goldlawr, Inc. v. Heiman*, 369 U.S. 463, 466-67 (1962) (purpose of Section 1406(a) is to remove obstacles that may "impede an expeditious and orderly adjudication of cases and controversies on their merits"). Each case turns on its own bundle of facts, and this case is no different.

In this case, SGS-Thomson's private interest in litigating in its preferred forum simply does not outweigh the public interest of promoting judicial economy. Put

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[7] As SGS-Thomson concedes, the courts of appeals have the authority under Section 1404(a) to transfer cases between district courts. (Petition, p. 10 n.4.) The circuit courts have exercised that authority, albeit sparingly, to promote interests of justice, judicial economy and convenience. *E.g., Koehring Co. v. Hyde Construction Co.*, 382 U.S. 362, 364-65 (1966); *Hunt v. Bankers Trust Co.*, 799 F.2d 1060, 1070 (5th Cir. 1986); *Corke v. Sameiet M.S. Song of Norway*, 572 F.2d 77, 81 (2d Cir. 1978); *International Tel. & Tel. Corp. v. General Tel. & Elec. Corp.*, 527 F.2d 1162, 1164 (4th Cir. 1975).

another way, the Federal Circuit was not required to elevate SGS-Thomson's litigation stratagem – a strategy of settling a patent infringement case in one district court to clear the decks for a "counterattack" lawsuit half a continent away – above society's interest in promoting judicial economy and efficiency.

There are, moreover, many reasons why the Central District of California is the better forum for this litigation. The district court's knowledge of power MOSFET technology and familiarity with the patents at issue are only some of those reasons:

- The patent on which SGS-Thomson originally filed suit against IR is a process patent. The IR manufacturing process accused of infringement is used in the United States exclusively at IR's facilities within the Central District of California. The overwhelming majority of relevant witnesses and documents are therefore found there.

- SGS-Thomson, of its own accord, brought suit against IR on the two other patents-in-suit in the Central District of California, *not* in the Northern District of Texas. All of the IR products that are accused of infringing these two patents are designed, manufactured and sold by IR within the Central District of California.[8]

- In patent cases, " 'the preferred forum is that which is the *center of gravity* of the accused activity. . . . [The] district court ought to be as close as possible to the milieu of the infringing device and the hub of activity

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[8] While SGS-Thomson may observe as to its process patent that one or more of the inventors reside in Texas, the four named inventors of the two other patents all reside in Europe.

centered around its *production.' " Laitram Corp. v. Morehouse Indus., Inc.*, 31 U.S.P.Q. 2d 1697, 1700 (E.D. La. 1994) (quoting *Ricoh Co. v. Honeywell, Inc.*, 817 F. Supp. 473, 481 n.17 (D.N.J. 1993) (emphasis in original, internal quotation marks omitted).

- SGS-Thomson, a subsidiary of one of Europe's largest semiconductor manufacturing companies, has facilities within the Central District of California. It is undisputed that venue and jurisdiction are proper there.

There are no compelling countervailing factors favoring the Northern District of Texas. Indeed, there are virtually no factors at all, except for SGS-Thomson's presence – but not incorporation – there. There are, however, significant facts pointing away from the suitability of that forum. As the Texas district court found, IR

> "does not have in Texas: an office, any manufacturing facilities, any research facilities, a warehouse, any employees, a regular or established place of business, any officers or directors, any real estate interests, or a bank account."

(Pet. App. 25a.)

SGS-Thomson repeatedly argues that the Federal Circuit "completely ignored" or "wholly disregarded" its choice of forum. (*E.g.*, Petition, pp. 11, 13.) SGS-Thomson is wrong. That SGS-Thomson's suit originated in the Northern District of Texas is discussed by the Federal Circuit in the very same paragraph in which the Federal Circuit ordered the case returned to the Central District of California, citing interests of judicial economy. (Pet. App. 6a.) If the Federal Circuit had entirely ignored SGS-

Thomson's choice of forum, the court would not have needed to explain why it was remanding the case to California rather than Texas; the remand outcome would have been automatic.

SGS-Thomson also relies on this Court's *forum non conveniens* cases in *Koster v. Lumbermens Mut. Casualty Co.*, 330 U.S. 518 (1947), and *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501 (1947). (Petition, pp. 11-12.) But federal courts have ***more*** discretion to transfer cases under Section 1404(a) than they have to dismiss a case on *forum non conveniens* grounds. *Norwood*, 349 U.S. at 30. Even under the stricter *forum non conveniens* standard, however, an individual's choice of his or her home forum "should not be given dispositive weight." *Piper Aircraft*, 454 U.S. at 256 n.23. "As always, if the balance of conveniences suggests that trial in the chosen forum would be unnecessarily burdensome for the defendant or the court, dismissal is proper." *Id.*

Finally, SGS-Thomson's attempt to find solace in two of this Court's choice of law cases (Petition, p. 13) is misplaced, because the substantive law here will not change with the forum. *See Van Dusen*, 376 U.S. at 635, 639 ("with respect to state law," a change of venue generally should be "but a change of courtrooms"); *Ferens v. John Deere Co.*, 494 U.S. 516 (1990). The principal issues will, in all events, be governed by federal patent law, not state law.

On the record before it, the Federal Circuit reached a proper result in remanding this case back to the Central District of California.

III. THE FEDERAL CIRCUIT PROPERLY FOUND THE TRANSFER RULING TO HAVE BEEN HARMLESS ERROR.

On appeal to the Federal Circuit, IR argued – and the Federal Circuit found – that any error the Texas district court may have made regarding IR's susceptibility to personal jurisdiction in Texas was "harmless error," because it did not affect the substantial rights of the parties. *See* 28 U.S.C. § 2111;[9] *see also* Fed. R. Civ. Proc. 61.

Where an erroneously transferred action proceeds to judgment in the wrong forum and the judgment is upheld on appeal, the erroneous transfer ruling is harmless error. *See, e.g., Filmline (Cross-Country) Productions v. United Artists Corp.*, 865 F.2d 513, 520 (2d Cir. 1989); *Whittier v. Emmet*, 281 F.2d 24, 30-31 n.17 (D.C. Cir. 1960), *cert. denied*, 364 U.S. 935 (1961); *see also Kasey v. Molybdenum Corp.*, 408 F.2d 16, 20 (9th Cir. 1969) (transfer at this stage of the proceedings "would not serve the interest of justice"); *Varsic v. U.S. Dist. Court*, 607 F.2d 245, 251 (9th Cir. 1979) (dictum); *Gulf Research & Dev. Co. v. Harrison*, 185 F.2d 457, 459 (9th Cir. 1950) (dictum). Logically, the identical error – an erroneous transfer ruling – can be no less harmless where a judgment is vacated or reversed on appeal. In both cases the identical rights are implicated,

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[9] 28 U.S.C. § 2111 provides:
"On the hearing of any appeal or writ of certiorari in any case, the court shall give judgment after an examination of the record without regard to errors of defects which do not affect the substantial rights of the parties."

so in neither case can the substantial rights of the parties have been affected.

The Federal Circuit's harmless error finding was particularly appropriate here, because SGS-Thomson *never* substantiated the nature of the harm it supposedly suffered. Instead, SGS-Thomson previously admitted to the Federal Circuit that it could not show substantial prejudice: "the *only prejudice* ST can possibly show is that the case was tried in a California federal courtroom rather than a Texas federal courtroom." (Reply in Support of SGS-Thomson Petition for Writ of Mandamus, p. 10 (Record A8705) (emphasis added).) As an equally fair trial is available to SGS-Thomson in either forum, SGS-Thomson can demonstrate no prejudice.

This Court has held that the party asserting prejudice from an erroneous ruling bears the burden of proving that its substantial rights were affected. *Palmer v. Hoffman*, 318 U.S. 109, 116 (1943) (interpreting a statutory predecessor to Fed. R. Civ. Proc. 61). SGS-Thomson's failure to substantiate its claim of prejudice should sound the death knell for its petition.[10]

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[10] Even earlier decisions applying a different standard – that "an erroneous ruling which relates to the substantial rights of a party is ground for reversal unless it *affirmatively* appears from the whole record that it was not prejudicial" – do not help SGS-Thomson here. *See McCandless v. United States*, 298 U.S. 342, 347-48 (1936); *Sears v. Southern Pacific Co.*, 313 F.2d 498, 503 (9th Cir. 1963). As noted, no "substantial right" was implicated by the transfer ruling and, as SGS-Thomson previously admitted to the Federal Circuit, there was no prejudice at all.

IV. THE DISTRICT COURT'S JURISDICTION AND TRANSFER RULING WAS CORRECT.

A final reason for denying the petition is that the Texas district court was correct in ruling that IR is not subject to personal jurisdiction in Texas. (*See* IR's Cross-Petition, filed concurrently.) Absent jurisdiction over IR in Texas, this case cannot proceed there. The Central District of California was and is, therefore, the only proper forum for remand by the Federal Circuit.

CONCLUSION

For the foregoing reasons, certiorari should be denied.

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Respectfully submitted,

DAVID E. KILLOUGH*
KENNETH R. O'ROURKE
JOHN A. CROSE, JR.
O'MELVENY & MYERS

SAMUEL H. WEINER
STEPHEN A. SOFFEN
OSTROLENK, FABER,
GERB & SOFFEN

Counsel of Record for Respondent International Rectifier Corporation